



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

JUNE 22, 1999




Proposed Funding To Begin Waterway Project. Legislation recently passed by the U.S. Senate is intended to provide \$2 million for a navigation modernization project on the Upper Mississippi and Illinois waterway system. Senator Peter Fitzgerald (R-Ill), sponsored the project funding as an amendment to the 21.3 billion energy and water spending bill passed by the Senate. The money would fund the initial phase to redesign five lock expansions on the Mississippi River and two lock expansions on the Illinois River. The locks, currently 600 feet in length, would be expanded to 1,110 feet to accommodate modern-sized barge tows. Tows on these rivers typically consist of 15 barges, which must be separated in two segments in order to negotiate the current lock system. Most of the locks were built in the 1930's and 1940's, and were expected to be obsolescent in 50 years. According to Senator Fitzgerald, "At a time when American farmers are losing billions from record-low commodity prices, we need to work to ensure that they are able to transport their products to market in an efficient and cost-effective way." Speaking with similar urgency, the National Grain and Feed Association (NGFA) is calling for Congress to reevaluate the ability of the U.S. Army Corps of Engineers (USACE) in managing construction and rehabilitation projects for the inland waterway system, calling their role an "impediment to modernization." The NGFA feels that funding for the pre-construction and engineering phase must be provided immediately for inland waterways in order for U.S. agriculture to remain internationally competitive. The Association also raises the possibility of privatizing some of the Corps functions and allowing other non-Defense Department related agencies to perform certain functions. The barge industry has paid \$300 million into the Inland Waterways Trust Fund through an inland waterways fuel tax. The trust fund is to be used by the USACE, with Congressional approval, for construction and rehabilitation projects on the inland river system. Although, the Corps has not recommended projects for Congressional approval. The Corps is required to use the trust fund to cover 50 percent of any construction and rehabilitation project on the inland waterway system. (*Reuters 6/17, Grainnet.com 6/22, USDA*)

Abandoned Kansas Rail Line. The Kansas Southwestern Railway (KSW) has notified shippers that it will abandon approximately 190 miles of track between Conway Springs and Kiowa, KS as well as between Conway Springs, Penalosa and Olcott, KS. There are reports indicating that the Denver Rock Island Railroad (DRI) is attempting to purchase two of the rail line segments from KSW by August 1999. In the meantime, the move for abandonment came as no surprise to many shippers since rail service and track condition began to deteriorate after KSW took it over. Steve Fenton, manager of the OK Grain Co-op in Kiowa, KS, stated that "you just couldn't make it work," after the KSW increased rates, included surcharges and other "add-ons." Without the plan by DRI to purchase the line, the abandonment would have increased truck traffic, and would have likely meant the second consecutive year that Kansas moved more grain by truck than by rail. The DRI has already filed, and was granted, a request for relief with the Surface Transportation Board (STB) to provide interim service on a 9.6 mile segment of the track in response to the urgent request of a flour mill served by the line. (*Knight Ridder 6/17, Grainnet.com 6/21, Association of American Railroads*)

Northeast Traffic Jam Expected To Ease. Rail traffic in the northeast is expected to improve by July 4, according to one CSX rail official. Speaking with *Reuters*, Bob Haulter, an assistant vice president overseeing the integration process for CSX, blamed much of the problem on computer glitches and difficulty in integrating the computer systems of CSX and Norfolk Southern with those of Conrail. The two Virginia-based rail companies completed the \$10.3 billion acquisition of Conrail early this month. "We're hoping the data problems we have now will be cleaned up by the end of the week," stated Haulter. One such problem involved the so-called "ping-pong effect," wherein the computer system would indicate loaded cars as empty, returning them to their original destination, and empty cars as being loaded, either of which resulted in sending freight in the wrong direction. Norfolk Southern spokesman, Frank Brown, stated, "We're seeing improvements in areas like tracking rail car movements, but reducing the backlog will take some time." The railroads have made attempts to solve the problems by running special trains to decrease rail yard congestion, changing routings, and shifting some traffic to truck and air carriers. Among the affected business are poultry and swine operations, flour mills and livestock feed manufacturers. (*Reuters 6/21, Knight-Ridder 6/18, Washington Post 6/19, Journal of Commerce 6/22*)

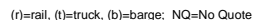
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Futures:

			06/22/99	Week Ago 06/12/99	Year Ago 06/23/98
Kansas City	Wht	Jul	2.8025	2.8900	3.1100
Minneapolis	Wht	Jul	3.3675	3.4125	3.6175
Minneapolis	Dur	Jul	0.0400	0.0500	n.a.
Chicago	Wht	Jul	2.5025	2.5700	2.9175
Chicago	Corn	Jul	2.1625	2.1725	2.5650
Chicago	Sybn	Jul	4.6775	4.7025	6.5600



Inland Bids: Ord. HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: 12% HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN\$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

The graph displays the average cost per car for three different trading scenarios over a 27-month period. The Y-axis represents the average cost in dollars per car, ranging from \$0 to \$300 and down to (\$100). The X-axis represents the delivery month and year, from September 1997 to December 1999. A horizontal line at \$0 indicates the tariff rate. The BNSF-SWAP scenario (black line with squares) shows a sharp decline to approximately (\$150) in early 1998, followed by a recovery to around \$100 by late 1998. The CP-GEEP scenario (red line with pluses) shows a more gradual decline to around \$50 in early 1998, followed by a recovery to around \$100 by late 1998. The UP-POOL scenario (purple line with circles) shows a sharp decline to approximately (\$150) in early 1998, followed by a recovery to around \$100 by late 1998. All scenarios show a similar pattern of volatility, with peaks around \$230 in late 1997 and late 1998, and troughs around (\$150) in early 1998 and late 1999.

Delivery Month-Year	BNSF-SWAP (\$/Car)	CP-GEEP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	110	110
Oct-97	180	150	200
Nov-97	180	120	230
Dec-97	130	100	220
Jan-98	70	50	140
Feb-98	-20	0	70
Mar-98	-90	-40	10
Apr-98	-130	-60	-20
May-98	-150	-50	-30
Jun-98	-90	-20	0
Jul-98	50	50	100
Aug-98	120	100	150
Sep-98	170	120	190
Oct-98	110	80	140
Nov-98	40	30	60
Dec-98	-10	0	20
Jan-99	-30	-10	0
Feb-99	-40	-10	-10
Mar-99	-40	-10	-10
Apr-99	-40	-10	-10
May-99	-30	-10	-10
Jun-99	0	0	10
Jul-99	20	30	50
Aug-99	70	80	100
Sep-99	100	110	110
Oct-99	90	100	100
Nov-99	40	50	70
Dec-99	40	50	70

Index - Percent of Tariff Rate

Straight Lines Indicate 3-yr Avg
Weekly Movement based on 4-Week Running Avg.

Date	Index - Percent of Tariff Rate
10/01/96	260
10/01/96	270
10/01/96	290
10/01/96	280
10/01/96	260
10/01/96	240
10/01/96	220
10/01/96	200
10/01/96	180
10/01/96	160
10/01/96	140
10/01/96	120
10/01/96	110
10/01/96	120
10/01/96	110
10/01/96	100
10/01/96	120
10/01/96	170
10/01/96	210
10/01/96	190
10/01/96	150
10/01/96	140
10/01/96	150
10/01/96	210
10/01/96	190
10/01/96	150
10/01/96	160
10/01/96	150
10/01/96	110
10/01/96	100
10/01/96	100
10/01/96	100
10/01/96	100
10/01/96	120
10/01/96	180
10/01/96	240
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10/01/96	160
10/01/96	170
10/01/96	160
10/01/96	160
10/01/96	250
10/01/96	310
10/01/96	200
10/01/96	130
10/01/96	180
10/01/96	130
10/01/96	150
10/01/96	130
10/01/96	120

Rail Car 'Auction' Offerings

Delivery for:	Aug-99		Oct-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	9,500	54%	9,500	70%
UP-GCAS	5,400	68%		

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jul-99	Sep-99	Oct-99	Nov-99
BNSF-GF	\$(51)	\$36	\$66	\$54
CP-GEEP	\$(13)	\$30		
UP-Pool	\$(18)	\$52	\$84	\$76

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Aug-99	Sep-99	Oct-99
COT/N. Grain	no bid	\$29	\$60
COT/S. Grain	no bid	\$1	\$16
GCAS/Region 2	no bid	\$3	no offer
GCAS/Region 4	\$2	\$1	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
6/18/99	Twin Cities	twk/nwk	215
		June/July	215
	Mid Miss	twk/nwk	190
		August	195
	St. Louis	twk/nwk	140
	Illinois River	twk/nwk	185
		August	190
		October	265
	Ohio River	twk	130
		nwk	140
	MTCT	twk/nwk	140
		July	140
		August	150
		Sept.	200

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

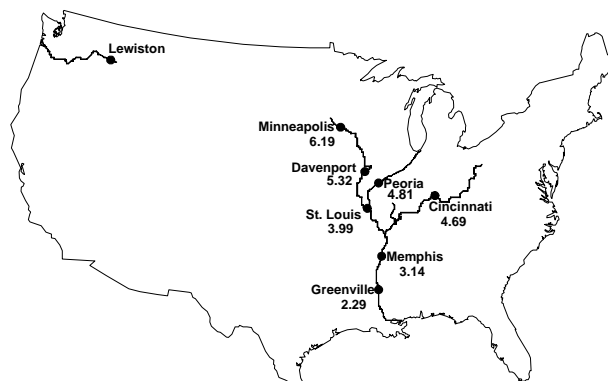
twk=this week

nwk=next week

MTCT=Memphis through Cairo Terms

**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'****Southbound Barge Freight Spot Rates**

	6/16/99	6/9/99	July '99	Sept. '99
Twin Cities	204	188	208	252
Mid-Mississippi	179	165	181	225
Illinois River	179	179	177	219
St. Louis-Cairo	133	113	135	187
Lower Ohio	123	107	130	216
Cairo-Memphis	126	112	128	185

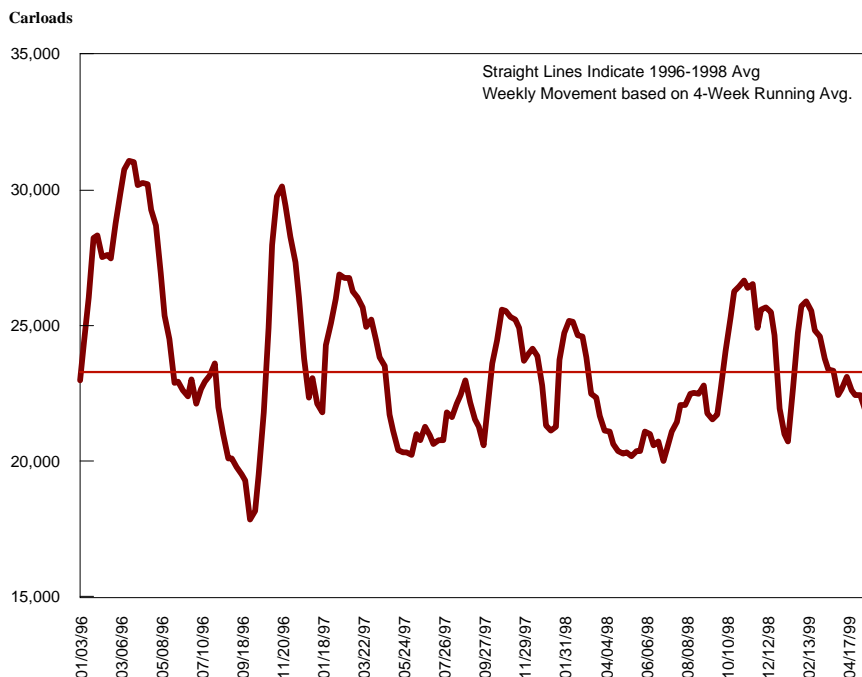
Source: Transportation & Marketing /AMS/USDA
nq- no quote

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
5/29/99	23,165
6/5/99	21,013
6/12/99	21,808
Year to Date - 1999	538,130
Year to Date - 1998**	509,932
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
06/12/99	0	1,835	1,562	2,307	7,908	726	7,470	2,046	4,371
This Week Last Year	673	2,192	1,751	2,159	6,217	452	6,480	1,639	3,781
1999 YTD	15,522	56,408	35,832	59,852	181,820	16,660	172,036	48,243	78,548
1998 YTD*	15,695	56,003	32,961	58,866	185,965	14,980	145,462	57,265	94,964
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

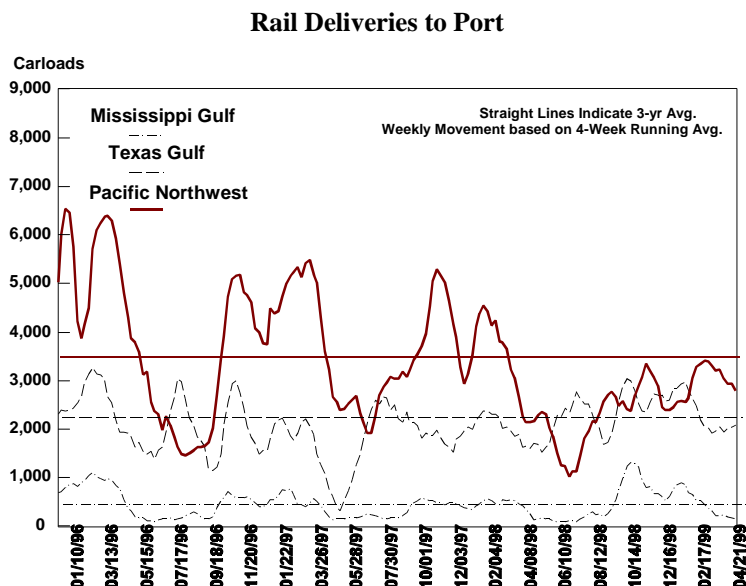
June 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
06/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
06/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
06/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
06/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
06/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
06/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,915	\$32.13	\$0.82
06/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
06/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,535	\$27.94	\$0.71
06/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$36.71	\$1.00
06/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$33.40	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

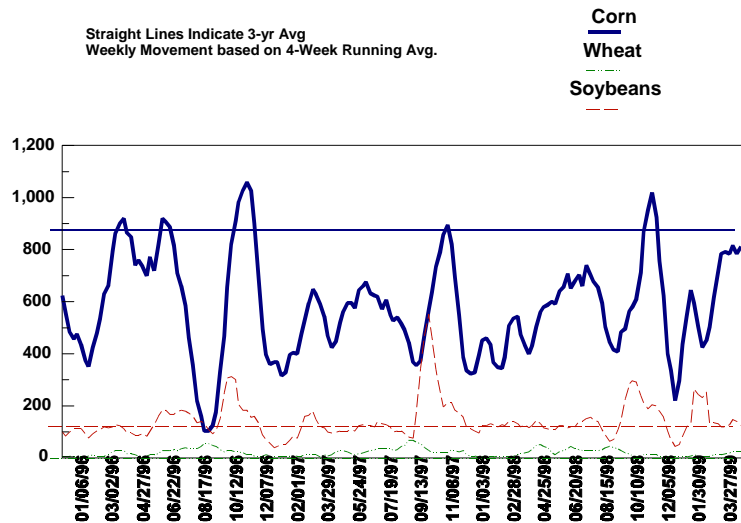
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
05/05/99	115	2,096	2,984	230
05/12/99	110	2,406	2,640	81
05/19/99	104	2,277	2,775*	29
05/26/99	169	2,470*	3,095*	242
06/02/99	191	2,916	2,134*	57
06/09/99	265	2,816	2,225	3
YTD 1999	9,824	55,442	65,723	7,124
YTD 1998	8,826	44,518	72,922	5,914
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				



*Note: Corrected data.

Barge Movements - Locks 27

1,000 Tons



Barge Grain Movements

for week ending 06/12/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	530	3	48	589
Winfield, MO (L25)	532	5	70	618
Alton, IL (L26)	853	5	116	986
Granite City, IL (L27)	885	5	118	1,020
Illinois River (L8)	233	0	50	284
Ohio (L52)	8	2	5	35
Arkansas (L1)	0	30	1	31
1999 YTD	15,424	1,051	3,181	21,167
1998 YTD	11,280	768	3,420	17,023
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
06/10/99	1,404	307	912	391	186	3,199	8,709	2,096	14,004
This Week Year Ago	1,668	303	1,053	646	217	3,887	6,819	1,816	12,522
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	307	141	120	67	31	665	36,874	19,236	56,775
97/98 YTD	190	36	159	66	0	450	28,294	17,713	46,457
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/17/99	150	117	5	101	928	177	251	12	0
1999 YTD	4,898	3,506	125	2,943	16,417	6,835	3,722	324	680
1998 YTD *	4,331	3,050	399	2,371	11,717	7,267	2,676	178	580
% of Last Year	45%	80%	19%	58%	52%	46%	51%	58%	49%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date ('98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

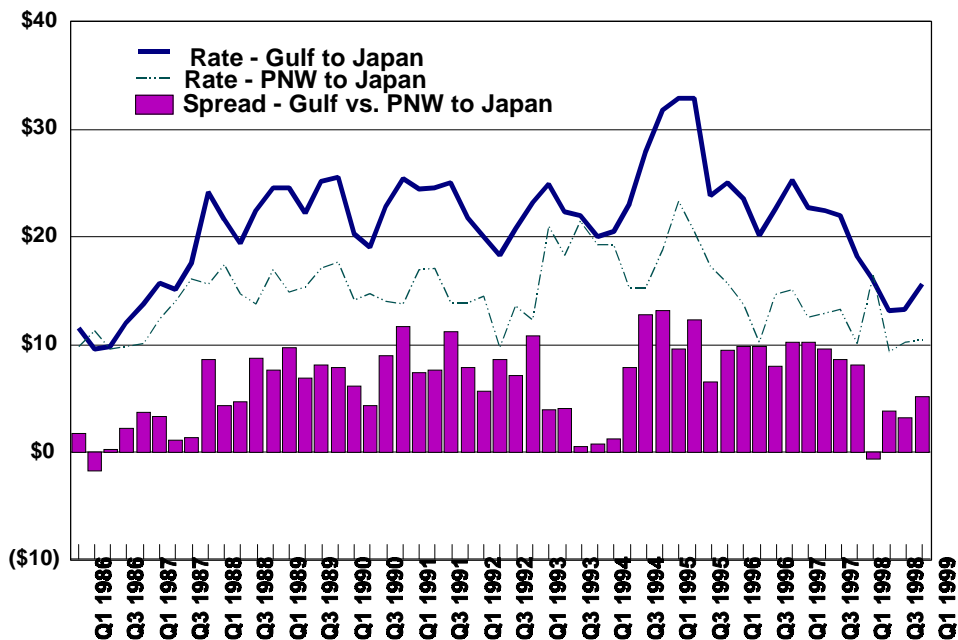
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 06/17/99			
Vancouver	4,006	882	314
Prince Rupert	1,226	6	0
Prairie Direct	815	461	279
Thunder Bay	427	144	218
St. Lawrence	1,702	1,428	0
1999 YTD Exports	8,176	2,921	811
1998 YTD Exports	13,734	3,402	2,008
% of Last Year	60%	86%	40%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
6/10/99	24	54	65	6			10	8	5
6/17/99	27	49	76				9	11	1
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 1 st Qtr	1998 1 st Qtr	% Change		1999 1 st Qtr	1998 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$15.62	\$18.24	-14%	Japan	\$10.41	\$10.08	3%
Mexico	\$14.22	\$12.15	17%	Red Sea/ Arabian Sea	\$45.81		
Venezuela	\$11.33	\$11.13	2%				
N. Europe	\$12.16	\$9.85	23%	Argentina to			
N. Africa	\$17.12	\$14.65	17%	N. Europe	\$14.55	\$12.32	18%
				Japan	\$21.35	\$20.93	2%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 06/19/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Venezuela	Grains	June	29,000	\$11.75
Gulf	Egypt	Corn/Hvy. Grain	June	55,000	\$11.00
Gulf	Taiwan	Heavy Grain	June	56,000	\$16.50
Gulf	Japan	Heavy Grain	June/July	54,000	\$15.75-16.25
PNW	No. Korea	Heavy Grain	June/July	50,000/52,500	\$12.25-12.65
River Plate	Cuba	Corn	June	23,000	\$25.00
River Plate	Spain	Grains	Prompt	30,000	\$16.50
River Plate	Italy (Adriatic)	Grains	Spot	45,000	\$19.00
United Kingdom	Morocco	Barley	June	10,000	\$13.85
Sweden	Saudi Arabia	Barley	June	50,000	\$13.85

Source: Maritime Research Inc.